

# Legislative Analysis



## MEDICAID THIRD PARTY LIABILITY

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**Senate Bill 441 (S-1)**

**Senate Bill 442 (S-1)**

**Sponsor: Sen. Bruce Caswell**

**Committee: Appropriations**

**Complete to 6-29-11**

## A SUMMARY OF SENATE BILLS 441 AND 442 AS PASSED THE SENATE ON 6-21-11

These two tie-barred bills makes available to the Department of Community Health necessary information from auto insurers, through the Secretary of State, to pursue Medicaid third party liability recoveries.

Senate Bill 441 would amend Section 3101a of the Insurance Code of 1956 (MCL 500.3101a) to require all automobile insurers to provide one certificate of insurance for each insured private passenger nonfleet vehicle to the insured and one certificate of insurance to the Secretary of State that contains the insured individuals' names, addresses, vehicle identification numbers, and policy numbers, beginning December 30, 2011. Under the provisions of the bill, the Secretary of State would be required to forward this information to the Department of Community Health to be used for the purposes specified in Public Act 593 of 2006. Information provided by the automobile insurer under this bill would be exempt from the Freedom of Information Act and could not be disclosed to anyone other than the Department of Community Health. The requirements listed above would not apply to fleets that were not transmitting vehicle identification numbers for fleet vehicles to the Secretary of State on January 1, 2011.

Senate Bill 442 would amend the Michigan Vehicle Code (MCL 257.227) to specify that the Secretary of State would require submission of "policy information," as opposed to the vehicle identification number only, to indicate proof of insurance. "Policy information" would be defined as the automobile insurer's name and the insureds' names, addresses, vehicle identification numbers, and policy numbers. Moreover, the provisions of the bill would specify that the policy information could not be disclosed to anyone except the Department of Community Health for the purposes specified in Public Act 593 of 2006. Finally, the bill would eliminate the Private Insurance Verification Board under Section 227b of the Michigan Vehicle Code. The Board was created to provide vehicle information to the Secretary of State.

### **FISCAL IMPACT:**

The bills would assist the Department of Community Health in generating approximately \$22.0 million Gross (\$7.5 million GF/GP) of savings that was included in its FY 2011-12 budget. Information provided by auto insurers through the Secretary of State to the Department of Community Health would allow for third party liability recovery.

The Secretary of State indicates that the provisions of these bills will have a negligible fiscal impact. There would be minimal costs associated with programming the systems to collect additional data fields from the insurers and minimal costs associated with establishing a data link with the Department of Community Health so that the insurer data can be transmitted.

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